

# Welcome

Effectively Managing Federal Grants

Mega Conference 2015

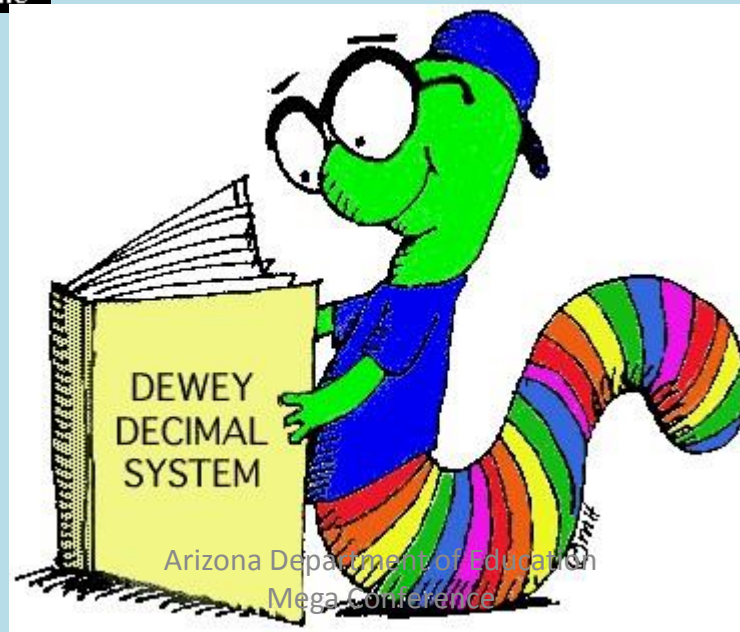
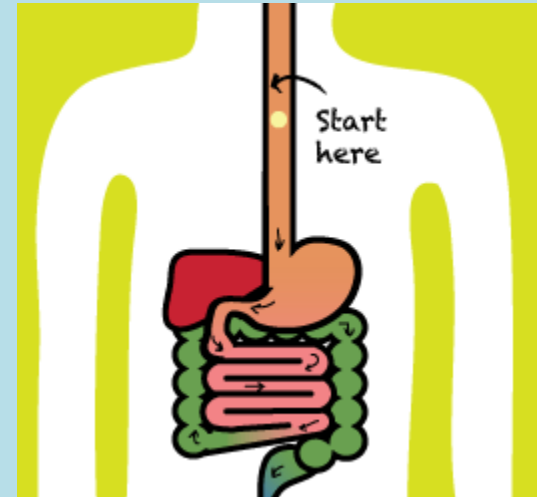
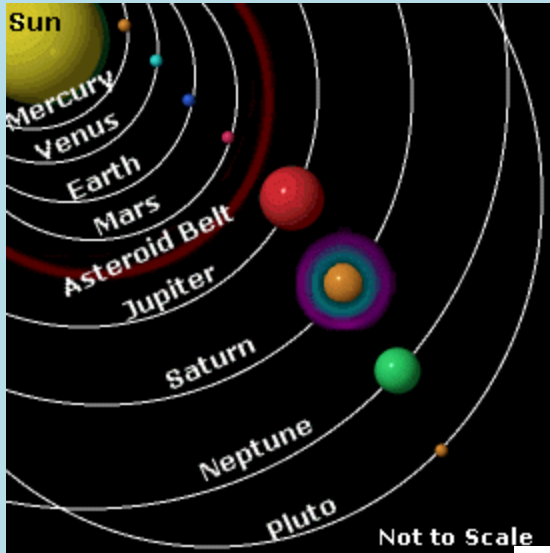
# Introductions

- Mission
- Vision
- Purpose

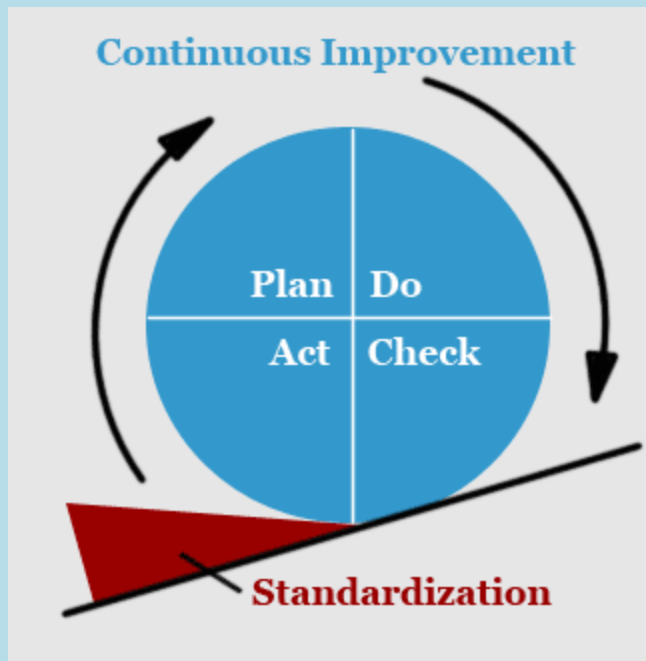
# Today's Objectives

- Cover the entire life of a grant (like Title I)
  - Pre-award
  - Post-award
  - End of grant
- Braiding of responsibilities of program coordinator and business manager
- Tools for complying with Uniform Guidance
  - Materials on tables

# Systems Definition



- Internal Controls - written procedures
- Uniform Guidance
- Continuous Improvement

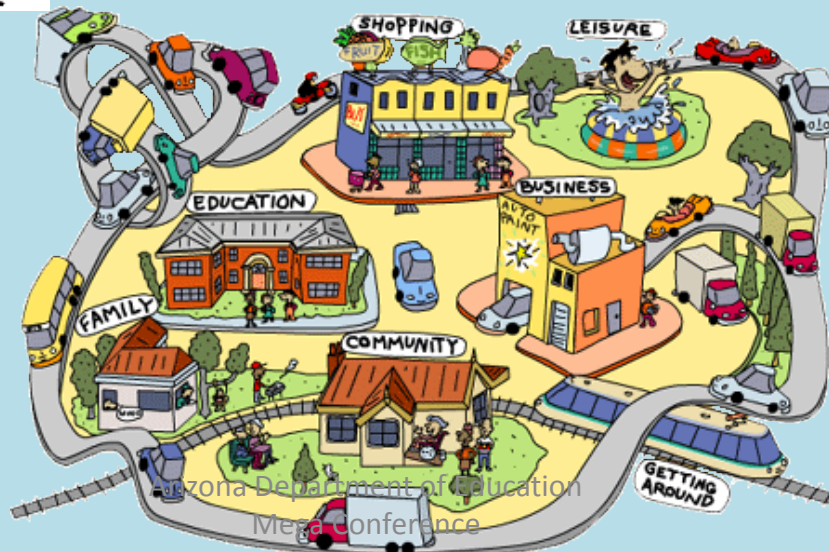
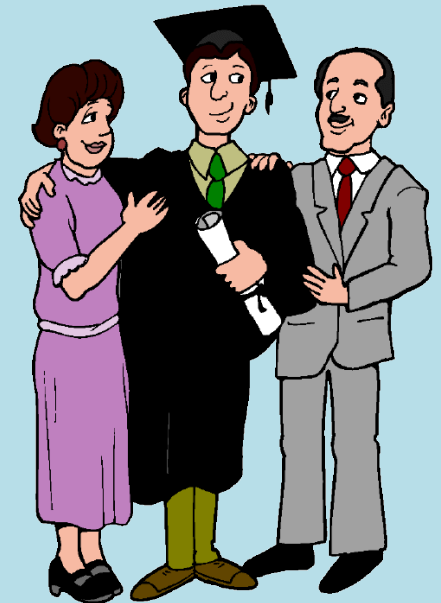
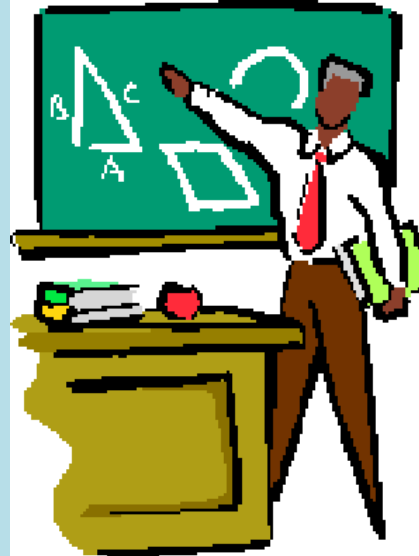


# Suggested Sections

- Organization, Structure and Functions
- Programmatic Requirements - **Allowability**
- Data Management Processes
  - Record Keeping/Record Retention
- Financial Management System
  - Programmatic Fiscal Requirements – **Cash Management**
  - Grant Application Process
  - **Procurement/ Conflict of Interest**
  - Inventory/Property Management
  - **Travel, Time and Effort**
  - Audit Resolution
- Progress Monitoring and **Evaluation**

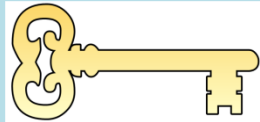
# Data Discovery

- Kinds of data



# Needs Assessment

- 1. Define data and how can be collected
- 2. Plan when and how to organize
- 3. Analyze and summarize



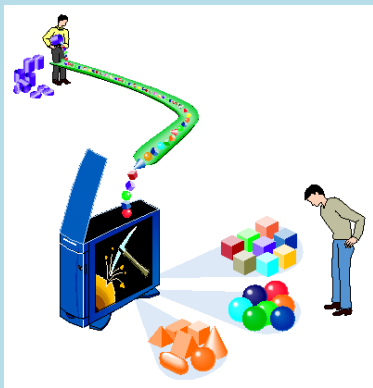
Key to success  
Identifying needs and gaps

- Planning team
  - Takes needs and gaps data
  - Determines root causes – Be careful to focus on:
    - What you can control
    - Solutions not blame
    - Accepting responsibility (I taught it – student just didn't learn it)
    - Primary not secondary factors or minutiae



# Other benefits of organized data

- Reports to stakeholders/ADE
- Progress and program monitoring
- Clear and transparent rationale for choices
  - Activities; programs; budget decisions



# Categories of Data

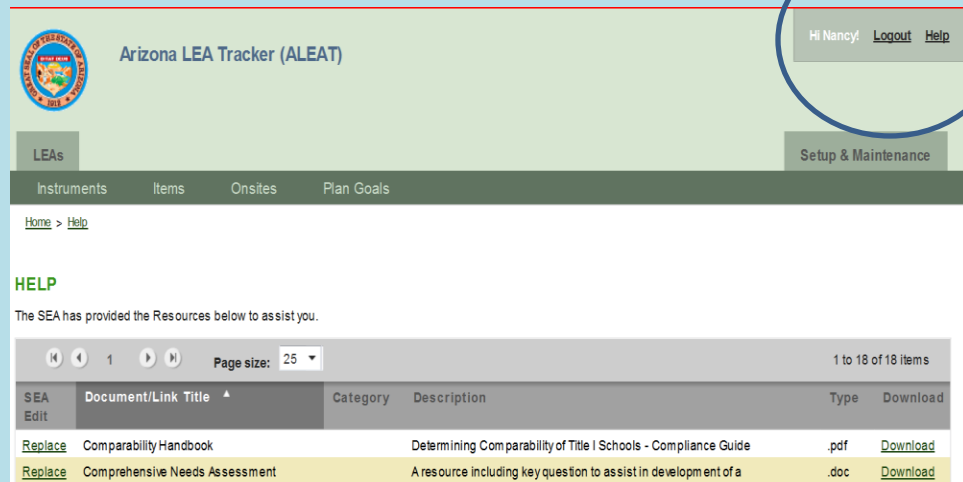
- List all of the data you have and divide it into categories
- One way to organize is:
  - Student
  - Teacher
  - Parents/surrogates
  - Community
- Choose the best way that meets your needs

# Writing your CIPs

- Planning team matches solutions and resources
  - Using Effective LEAs criteria
    - 1. Continuous Improvement \*
    - 2. LEA Leadership
    - 3. Curriculum and Instruction
    - 4. Supplemental Supports and Intervention Services
    - 5. Data, Assessment and Evaluation\*
    - 6. Stakeholder Relations
  - Continuous Improvement means:
- \*Evaluation – SMART – measurable

# ALEAT

- ALEAT plans are designed to be in outline form not descriptive text
  - Goals
    - Strategies
      - Action Steps
        - » Tasks
- Locate Help
- ALEAT can be used to manage and record your progress; send reminders



# Written Procedures Recap

- Organization, Structure and Functions
- Programmatic Requirements
  - Sample for Allowability
- Data Management Processes

# The Grant Cycle

- Governed by Uniform Guidance
  - Pre-award – steps up to notification
    - Subpart C
  - Post-award – submitting application, implementing programs, managing funds
    - Subpart D
  - End of grant – final reports – CR and CSPR
    - Subpart F
- Appendices – Indirect Cost and Cost Allocations and Compliance Supplement

# Key Post- Award Changes

Increased flexibilities and responsibilities for grantees:

- Greater emphasis on **internal controls** to ensure compliance and fiscal responsibility
- Greater focus on performance expectations and results
- Enhanced oversight requirements of sub-recipients and contracts, which includes risk assessment and use of monitoring tools

# Key Post- Award Changes

- Pre-award costs – Section G – 76.708
- New procurement oversight - §200.324



# Internal Controls

## Drafting Policies and Procedures

- Importance?
- Procedures (to write procedures!)
- Organization and requirements
- What to do when completed

## Emphasis on internal controls

**Written policies and procedures are required!**

(**BOLD** indicates required by UG)

- Written **Cash Management** Procedures – § 200.302(b)(6) & § 200.305
- Written **Allowability** Procedures - § 200.302(b)(7)
- Written **Conflicts of Interest** Policy - § 200.318(c)
- Written **Procurement** Procedures - § 200.19(c)
- Written Method for Conducting Technical **Evaluations of Proposals** and Selecting Recipients - § 200.320(d)(3)
- Written **Travel** Policy - § 200.474(b)

# Rationale – Why?

- EDGAR requirements as noted by section
- Single audit
- Monitoring
- Staff changes and transitions

# Why - Single Audit

- Auditors ask about policies and procedures
  - Some tests specifically require written policies and procedures
- “Control activities are the policies and procedures that help ensure the management’s directives are carried out.”
  - Clearly written and communicated
  - Compliance Supplement, Part 6: Internal Controls

A-133 Audit Findings

Jennifer Flores

# **COMMON COMPLIANCE ISSUES**

# Internal Controls

- Vendor Screening (EPLS to Sam.gov) = Update your procedures
- No procedures in place
- Segregation of duties
- More and more audit findings for no procedures or a need to strengthen procedures (“internal controls”)
- A greater emphasis under the Uniform Administrative Requirements on Internal Controls (2 CFR § 200.61)

# Internal Controls

## Internal Controls (2 CFR § 200.61)

Internal controls means a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- (a) Effectiveness and efficiency of operations;
- (b) Reliability of reporting for internal and external use;  
and
- (c) Compliance with applicable laws and regulations.

# Procurement

- Uniform System of Financial Records VI-G-9
  - For contracts awarded by competitive sealed bidding for purchases exceeding \$100,000
  - Written price quotations from at least three vendors for purchases costing at least \$50,000, but not more than \$100,000
- Overpayment of vendors
- Purchase orders prepared after goods and services invoiced
- Duplicate expenditures



# Other Issues

- Completion Reports not submitted timely
- Bank accounts not reconciled

# Why - Monitoring

- Policies and procedures are evidence of compliance under all program monitoring tools – Cycles
- Compliance Supplement, Part 6: Internal Controls,
- Section M. Subrecipient Monitoring (for ADE)
  - Written policies and procedures exist establishing:
    - Communication of Federal award requirements to subrecipients
    - Responsibilities for monitoring subrecipients
    - Process and procedures for monitoring
    - Methodology for resolving findings
    - Requirements related to subrecipient audits, including appropriate adjustment of pass-through's account

# Why -Staff Changes and Transitions

- Training tool
- Maintain consistency
- Leads to:



Administering compliant programs and complying with grants management requirements!

Ultimately, effective supports for students, teachers, and parents

# Standards for Writing Procedures

- Policies are tied to goals, procedures are steps to achieve goals
- Create comprehensive team for process; establish responsibilities and timelines
  - Review any existing policies and procedures
    - Test against requirements in law, regulations or rules
  - Gather information
    - actual practices, interviews with relevant staff, identify resources
  - Draft policies and procedures
  - Review internally with appropriate staff
  - Prepare final version
  - Formally adopt, publish and implement
  - Train staff
  - Set up annual review process

# Suggested Sections

- Organization, Structure and Functions
- Programmatic Requirements
- Data Management Processes
- Financial Management System
  - Programmatic Fiscal Requirements
  - Audit Resolution
  - Grant Application Process
  - Procurement
  - Inventory/Property Management
- Time and Effort
- Record Keeping/Record Retention
- Progress Monitoring and Evaluation

# Organization, Structure and Function

## Helpful Questions to Ask

- Do you have an organizational chart?
- What are the offices, sections, divisions or employees that have responsibility for grant administration?
  - What are their responsibilities?
- Are there any entities outside of the agency that have grant administration responsibilities?
  - What are those responsibilities?
  - How was relationship created? What are the terms?
  - MOU/MOA?

# Organization, Structure and Function

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# Grant Application Process

## Helpful Questions to Ask

- How does your LEA determine what grants to apply for?
- What is the process?
  - Determining organizational capacity to run a compliant program
- Who reviews and signs off on a grant application?
- What happens after a grant is awarded?



# Financial Management System

## Helpful Questions to Ask

- What accounting systems are used?
- Who is responsible for requesting funds, managing budgets and accounts payable?
- How are budgets loaded and tracked on the system?
- What is the process for comparing budgets to expenditures?
- How do you ensure all expenditures are allowable?

# Financial Management

- Does the system interface with the procurement and inventory systems (2 CFR 200.313(d))?
- How are vendors paid? What is the process? Who is involved?
- What is the process for requesting budget revisions? **What conditions require revisions?**
- How do you ensure that all expenditures are made within the **period of availability** (what is it)?
- What happens to unobligated funds? Carryover rules? Completion report procedures?

# Rules for Internal Controls regarding Grants

- Document grant transactions
- Ensure oversight of accounting, reporting, and program administration
- Ensure adherence to state and federal compliance, cost principles, and timely reporting
- Ensure accuracy and reliability of information received from 3<sup>rd</sup> parties

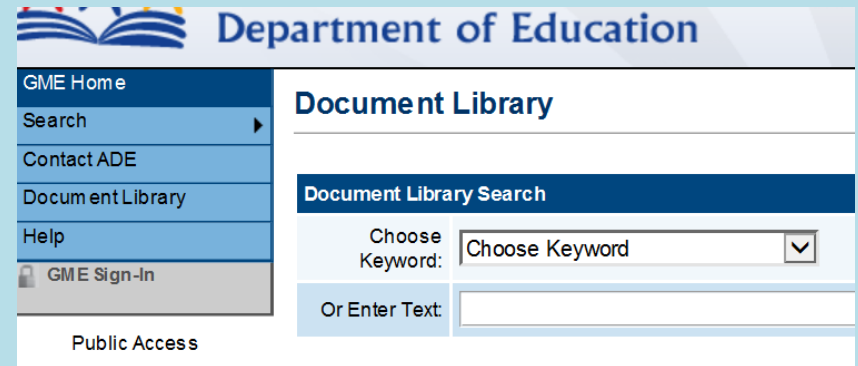
**After your policies and procedures  
are done . . .**

**NOW WHAT!?!**

- Training for EVERYONE!
- Schedule for at least annual Review and Revisions
- Where are Policies and Procedures Located?
  - Easy access promotes transparency, compliance, and progress toward goals

# Managing in GME

- Access
  - Annual GSA
  - Entity administrator controls
    - Need 3 levels of review
  - Update user information
- Training materials in [Document Library](#)
- Coding – [USFR Chart of Accounts](#)
- Calendar



# Key Requirements

- Obligating funds
- Program coordinator and business manager roles
- Determining allowable use of funds
- Salaries, stipends, and time and effort

# Obligation of Federal Funds

## Check your Understanding

Download *When obligations are made*. Match the time line with the type of obligation listed in the table from §75.707 (F is done for you)

- f 1. When the travel is taken
- 2. On the first day of the project period
- 3. On the date the grantee makes a binding written commitment to acquire the property
- 4. When the services are performed
- 5. On the date on which the grantee makes a binding written commitment to obtain the services
- 6. When the grantee receives the services
- 7. On the date on which the grantee makes a binding written commitment to obtain the work
- 8. When the grantee uses the property



# Obligating Federal Funds

## Answers

| <b>§75.707 If the obligation is for—</b>  | <b>The obligation is made—</b>   |
|---|--|
| <b>(a) Acquisition of real or personal property</b>   | 3. On the date the grantee makes a binding written commitment to acquire the property.         |
| <b>(b) Personal services by an employee of the grantee</b>  | 4. When the services are performed.  |
| <b>(c) Personal services by a contractor who is not an employee of the grantee</b>  | 5. On the date on which the grantee makes a binding written commitment to obtain the services. |
| <b>(d) Performance of work other than personal services</b>   | 7. On the date on which the grantee makes a binding written commitment to obtain the work.     |
| <b>(e) Public utility services</b>  | 6. When the grantee receives the services.   |
| <b>(f) Travel</b>   | 1. When the travel is taken.   |
| <b>(g) Rental of real or personal property</b>  | 8. When the grantee uses the property.   |
| <b>(h) A preagreement cost that was properly approved by the Secretary under the cost principles identified in 34 CFR <a href="#">74.171</a> or <a href="#">80.22</a></b> | 2. On the first day of the project period  |

# Post Award

- Receipt of Funding
  - Grant Award Notices (GAN) for federal funds
  - State and local funds
  - Accounting system to track by identified codes
- Assign a program coordinator
  - Outlines grant conditions, including allowable uses of funds; guidance/regulations/statutes; and reporting requirements

# Role of the Coordinator

Program coordinator – each grant should have a designated contact. Within each program area, the various roles designated by program coordinator may be performed by multiple staff members. Each program should embed these responsibilities into the appropriate PDQs and establish supervisory responsibilities, accordingly.

# Duties of Coordinator

- Develop an implementation plan to ensure all requirements will be met
- Design and prepare application and completion reports in GME
- Design training and other technical assistance activities, as outlined in the implementation plan
- Ensure reviewers and approvers in GME work flow are assigned and understand role

# Coordinator Duties

- Ensure procedures for program staff involvement with GME for reimbursement request approvals are established
- Design procedures for required oversight that integrates fiscal performance with other program performance outcomes
- Ensure data is collected and prepare final reports required by grant conditions
- Review plan outcomes and facilitates revisions, as necessary
- Monitor for any changes during grant life cycle

# Business Manager

- Oversees an appropriate financial system with procedures for:
  - Cash management, requesting funds from ADE, and any internal dispersments
  - Reconciling records with state and/or county
  - Determining “allowable, reasonable, and necessary” plus allocable to specific grants
  - Determining and applying indirect costs

# Business Manager

- Implement a transparent system, readily available for all users
- Sufficiently separate funds by Function/object
- Track capital items – inventory control
- In cooperation with program coordinator
  - Prepare for all reporting requirements
  - Prepare for program monitoring
  - Prepare for audits

# Part 200 Standards

## Time and Effort

- Charges for salaries must be based on records that accurately reflect the work performed (200.430(i)(1))
  1. Must be supported by a system of internal controls which provides reasonable assurance charges are accurate, allowable and properly allocated
  2. Be incorporated into official records
  3. Reasonably reflect total activity for which employee is compensated
    - Percentages may be used for distribution of total activities
    - Not to exceed 100%



# Part 200 Standards

- 4. Encompass all activities (federal and non-federal)
- 5. Comply with established accounting policies and practices
- 6. Support distribution among specific activities or **cost objectives (see 200.28 for definition)**

# COFAR Comments on NEW Rule

By focusing more on internal controls, the (new time and effort) rule “mitigates the risk that a non-Federal entity... will focus on prescribed procedures... which alone may be ineffective in assuring full accountability.”

- Uncovering weaknesses in internal controls or instances of fraud is goal. Not audit findings.

# Need for Clarification

- Always been confusion re: Cost objectives
- Do you track funding source or track what employee is working on?
  - For example: Project Director of 21<sup>st</sup> CCLC after school program working 100% of her time on the 21<sup>st</sup> CCLC program but is paid 75% with 21<sup>st</sup> CCLC funds and 25% with State funds – the after school program can be the cost objective

# Title I, Part A LEA-level Cost Objectives

- LEA-Level Administration (Public and Equitable Services)
- Equitable Services
- Professional Development
- Parental Involvement
  - At least 1% of LEA allocation
- Districtwide Initiatives (must support only TI schools)
- Incentives and rewards to teachers to work in Title I schools
- Title I, Part A Programmatic Costs

# *Not* Cost Objectives

- Federal Programs
- Title I, Part A
- Doing my job
- ESEA
- Working on initiatives and programs that benefit Title I students
- **Director of Federal Programs**

# OCFO Guidance (pre - UG)

- It is possible to work on a single cost objective even if an employee works on more than one Federal award or on a Federal award and a non-Federal award.
- ***The key to determining whether it is a single cost objective is whether the employee's salary and wages can be supported in full from each of the Federal awards on which the employee is working or from the Federal award alone, if the employee's salary is also paid with non-Federal funds.***
- <http://www2.ed.gov/policy/fund/guid/gposbul/time-and-effort-reporting.html>

# ESEA ConApp Checklist

- Application guidelines
  - Programmatic
  - Fiscal
- Terms and conditions
- The FIVE FACTORS for review:
  - Reasonable and necessary test
  - Aligned to needs assessment data (and in school and/or LEA CIP)
  - Designed to improve student achievement
  - Research based
  - Supplemental- beyond the basic education program

# ESEA Grant Revision Criteria

Revisions can be initiated by the LEA or automatically by changes in GME:

- LEA makes changes greater than 10% of any expenditure category
  - Creating new budget line item
  - Modifying descriptions or scopes of work (i.e., reading to mathematics)
- LEA makes changes in any related documents or text in other sections, even though no fiscal changes were required
- Auto-generated by addition of carryover; occurs when CR from previous year is approved
- Auto-generated by any other change in allocation amount or system administrative action



# Allowability of Funds

## §200.403

All Costs Must Be:

1. Necessary, Reasonable and Allocable
2. Conform with federal law and grant terms
3. Consistent with state and local policies
4. Consistently treated (direct and indirect)
5. In accordance with GAAP (generally accepted accounting principles) [http://www.fasab.gov/pdffiles/2015\\_fasab\\_handbook.pdf](http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf)
6. Not included as match
7. Adequately documented

See Section §200.420- 475 – Selected Items of Cost defined

# Allowability of Costs

- §200.404 –
  - An ordinary cost necessary to the operations of implementing the federal award
  - Follows sound business practices
  - Based on market prices in the area
  - Prudent person test
  - Not deviate from established practices, especially if an increased cost to the federal award's costs

# Allowability of Costs

- Allocable – §200.405
  - Specific to the federal project
  - Benefits federal project directly in proportion to the cost
  - Can be assigned to the award; if 2 or more funding sources, can be proportionally attributed
  - Can be part of an indirect cost plan
  - Cannot compensate for costs not allowed in another federal project to avoid restrictions

# Allowability of Costs

## “It Depends”

- Considerations:
  - What conditions are important to outline before determining allowability?
    1. All Title I schools?
    2. Type of Title I programs TA or SW?
    3. Non-federal initiatives/other programs that parallel TI

# Schoolwide Flexibility and Allowability

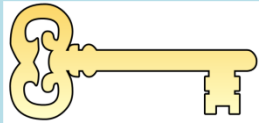
- Not an LEA designation – there is no SW district
- Each SW school requires a **complete plan** in ALEAT, containing **all** of the legal components
  - Key driver of determining allowability
- Requires a whole school reform model
  - What is the mission or vision of the school?
  - How will taking a whole school approach lead to meeting goals?

# Written Procedures Recap

(**BOLD** indicates required)

- Organization, Structure and Functions
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# Cash Management



to program implementation

Include time for processing by ADE/county

Be consistent in submitting regular reimbursement requests

Be aware of end of project dates

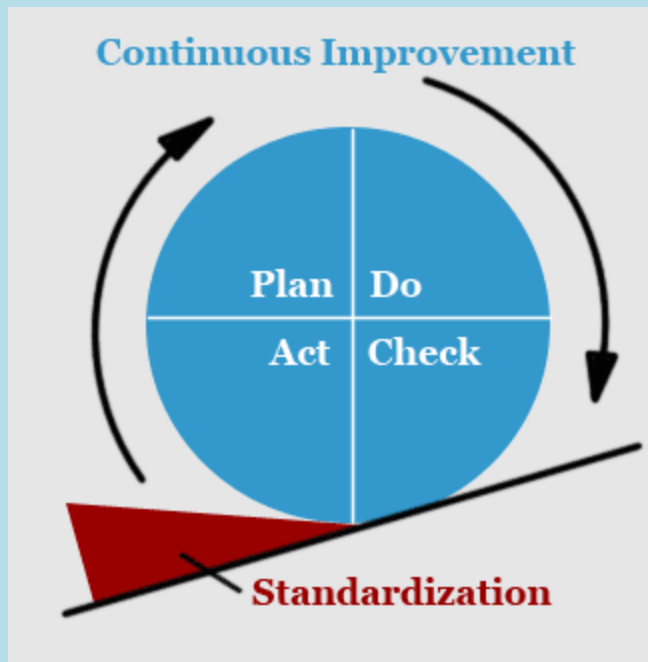
Monitor expenses vs. budgets

Plan for/minimize carryover – need for waivers

Be prepared to **submit timely completion reports**

# Progress Monitoring and Evaluation

- Continuous Improvement – refresh data and resume cycle





# Resources Recap

- Document Library – GME
- Document Library – Title I
- Best practices – GAAP
- Auditor General's website for USFR:  
<http://www.azauditor.gov/sites/default/files/USFR2.pdf>

# **ED website for Uniform Administrative Requirements, Cost Principles, and Audit Requirements**

<http://www2.ed.gov/policy/fund/guid/uniform-guidance/index.html>

## **UNIFORM GRANT GUIDANCE RESOURCES (2 CFR 200)**

- **Implementing the Uniform Guidance (slide-show presentation, 34 slides):**

<http://www2.ed.gov/policy/fund/guid/uniform-guidance/granteepresentation.pdf>

- **USED guidance on Indirect Costs:**

<http://www2.ed.gov/about/offices/list/ocfo/fipao/abouticg.html>

- **Crosswalk from existing (previous) guidance to final guidance:**

<https://www.whitehouse.gov/sites/default/files/omb/fedreg/2013/uniform-guidance-crosswalk-from-predominate-source-in-existing-guidance.pdf>

## **EDUCATION DEPARTMENT GENERAL ADMINISTRATIVE REGULATIONS (EDGAR)**

- <http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>